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INCOME FINANCIAL Trust
AMERICAN INCOME
AMERISTAR

2001

Annual Report



QUADRAVEST
CAPITAL MANAGEMENT

About Quadravest

Quadravest Capital Management is one of Canada's most innovative investment managers. Focused on the creation and management of enhanced yield products for retail investors, the Quadravest team has a history of meeting or exceeding its targets.

Quadravest was formed in 1997 to create distinctive, conservative investment products focused on absolute returns and capital preservation. Guided by four key principles, Quadravest sets attainable investment objectives that allow the team to stay focused on a long-term investment strategy.

The four principles – innovation in financial products, discipline in investment management, solid results for investors, and excellence in client service – form the foundation of Quadravest. Each member of the firm's tight-knit team is committed to upholding these principles, ensuring a coherence and dedication that is unique to Quadravest.

Quadravest's investment strategy combines equity investments with covered call writing, and is determined by proven principles of investing. The Quadravest team is able to adopt a defensive style of investing by remaining focused on pre-established distribution targets, not industry benchmarks.

Beginning with the firm's first product in 1998, the Quadravest team has developed creative solutions to meet investor needs. Its products are conservative and tax-efficient, providing the best balance between capital preservation and certainty of income. The tax efficiency results from the fact that a large part of the income distributions come as capital gains, which attract the least amount of income tax. Product enhancements, such as the introduction of the split-share principal protected structure, have also helped Quadravest stay ahead of competitors.

Since the company's inception, Quadravest has met the evolving needs of retail investors in a changing market environment. Its products are ideal for people who require higher levels of steady income and a conservative investment vehicle. Quadravest has completed initial public offerings for eight products and now manages assets in excess of \$1 billion.

Message To Unitholders

Income Financial Trust, American Income Trust & AmeriStar RSP Income Trust

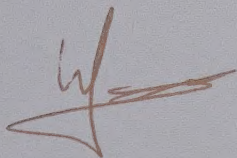
We are pleased to provide the 2001 annual report for Income Financial Trust, American Income Trust and AmeriStar RSP Income Trust.

These three investment products, which were launched in 1999, were designed to provide investors with an attractive alternative to conventional fixed income products. In general, each product is designed with the goal of providing investors with a stream of tax efficient monthly distributions at an annual rate of 8.5% (based on original issue price) while returning the original issue price upon the termination of the respective product.

Quadravest Capital Management Inc., the investment manager of these vehicles, employs an investment approach designed to achieve the absolute return goals of each product. Among many of the key differentiating features of this approach is the use of a very conservative income enhancement strategy, which has the effect of generating additional capital gains while providing additional downside protection to the underlying portfolio.

We are pleased to report that all targeted distribution goals were met or exceed during the year despite extremely difficult and weak markets. Please review the relevant section of this report for further information on your investment.

We would like to thank our unitholders and their investment advisors for their continuing support. We look forward to achieving the investment objectives of these products in the years to come.



Wayne Finch,
Chairman and CEO,
Quadravest Capital
Management Inc.

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AmeriStar RSP Income Trust

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Income Financial Trust

Message to Unitholders

We are pleased to report the financial results of Income Financial Trust (Income Financial) for the year ending December 31, 2001. Income Financial was launched on February 4, 1999 with the objective of providing unitholders with an attractive alternative to conventional fixed income vehicles.

During the year, Income Financial generated net investment income, capital gains from the underlying securities and received option premiums from the covered call writing program allowing Income Financial to exceed its targeted distribution rate. During the year, Income Financial made total distributions of \$2.72 per unit. The total distributions for the period resulted in an annualized yield of approximately 10.9% (based on the original issue price).

We would like to thank unitholders for their continued support and look forward to continuing to achieve Income Financial's targeted goals.

Investment Objectives

Income Financial was launched in February 1999 with the intent of providing investors with an attractive yield compared to alternative fixed income products while at the same time protecting capital. Income Financial's goal is to provide a steady stream of monthly distributions at an annual rate of 8.5% (based on original issue price) while returning the original issue price of units to Unitholders upon the termination on January 1, 2009. The units trade on the Toronto Stock Exchange under the symbol INC.un.

Income Financial's investment manager, Quadravest Capital Management Inc., actively manages the Trust's portfolio which is invested in North American financial services companies whose shares are included in the TSE Financial Services index, the S&P Financials index or the S&P Midcap Financials index. Many of the leading financial services companies in North America, in the banking, insurance, brokerage, investment management and/or specialty finance sectors, are held within the portfolio.

To generate additional income above the dividend and interest income earned in the Portfolio, Income Financial writes covered call options on some or all of the underlying securities in the portfolio. This conservative strategy is designed to enhance the income in the portfolio by enabling Income Financial to earn strong income in times of volatile markets while reducing the effects of market corrections. In addition, this source of income is treated as capital gains and as such receives a more favorable tax treatment relative to other sources of income.

Ten Largest Holdings

December 31, 2001

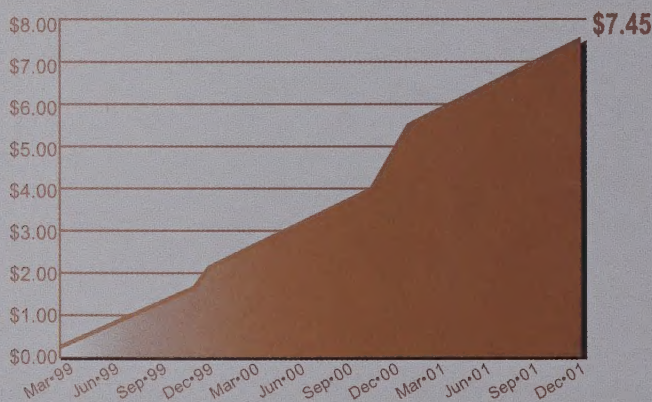
- | | |
|---------------------------------------|---------------------------------------|
| 1. Citigroup Inc. | 6. Wachovia Corp. |
| 2. Wells Fargo & Company | 7. Washington Mutual Inc. |
| 3. Bank One Corporation | 8. Sun Trust Banks, Inc. |
| 4. U.S. Bancorp | 9. Fifth Third Bancorporation |
| 5. Canadian Imperial Bank of Commerce | 10. FleetBoston Financial Corporation |

Note: Holdings are as at December 31, 2001 and may at any time be materially different.

Distributions

Unitholders are entitled to receive monthly distributions of \$0.17708 per unit (\$2.125 annually). The distributions paid during the 12 month period include 12 regular monthly payments of \$0.17708 and two special distributions (\$0.50 in January 2001 and \$0.10 in December 2001) for a total of \$2.72. A total of 38 distributions (34 regular and 4 special) totaling \$7.45 have been paid since inception.

Cumulative Distributions since inception



Income Financial Trust Commentary

The year 2001 reflected a period of economic weakness in the North American economy. The events of September 2001 exacerbated the economic picture resulting in a shock to many key sectors of the economy including the transportation, energy, insurance and travel and hospitality sectors. The resultant uncertainty in the following months generally had the effect of further depressing economic activity as people and companies began dealing with the aftermath and the beginning of the new war on terrorism.

Record levels of monetary stimulus was provided by Central Banks as interest rates in the United States and Canada hit 40 year lows. The U.S. government, in particular, also introduced several significant fiscal stimulative measures in an attempt to stabilize and promote economic activity through this difficult period.

The Financial services sector in both Canada and the United States was much less impacted as the benefits of the dramatic decline in interest rates provided support to this sector.

The systematic covered call writing program proved very beneficial during the period allowing the Fund to gain additional income through the option premiums received as well as providing some downside protection to the portfolio in these weaker market conditions.

Income Financial produced net investment income of \$2,183,564 and net realized gains of \$9,625,518. The excess levels of total realized income produced during the year allowed Income Financial to make 2 additional special distributions bringing the annualized distribution payout rate to 10.9% (based on original issue price). A total of \$10,762,915 was paid in the form of distributions to unitholders during the year.

Auditors' Report – Income Financial Trust

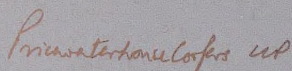
March 1, 2002

To the Unitholders of Income Financial Trust

We have audited the statement of portfolio investments of **Income Financial Trust** as at December 31, 2001, the statements of net assets as at December 31, 2001 and 2000 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Trustee and the Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Income Financial Trust** as at December 31, 2001 and 2000 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Toronto, Ontario

Income Financial Trust

Statements of Net Assets

as at December 31, 2001 and 2000

	2001 (\$)	2000 (\$)
Assets		
Investments - market value (cost 2001 - \$76,927,430; 2000 - \$100,812,374)	81,020,916	111,248,157
Cash	16,522,496	3,444,115
Accrued interest and dividends receivable	205,157	242,821
	<u>97,748,569</u>	<u>114,935,093</u>
Liabilities		
Fees and other accounts payable	132,853	2,462,984
Payable in respect of investments purchased	36,140	787,657
Distributions payable	1,070,329	2,803,111
	<u>1,239,322</u>	<u>6,053,752</u>
Net Assets	<u>96,509,247</u>	<u>108,881,341</u>
Number of units outstanding (note 3)	<u>3,862,889</u>	<u>4,140,000</u>
Net asset value per unit	<u>24.98</u>	<u>26.30</u>

Approved on behalf of the Manager, Quadravest Inc.



S. Wayne Finch,
Director



Peter Cruickshank,
Director

Income Financial Trust

Statements of Operations

for the years ended December 31, 2001 and 2000

	2001 (\$)	2000 (\$)
Income		
Interest	2,063,112	1,507,910
Dividends (net of foreign withholding taxes, 2001 - \$169,529; 2000 - \$141,524)	1,476,954	1,668,394
	<u>3,540,066</u>	<u>3,176,304</u>
Expenses (note 5)		
Management fees	1,086,833	3,306,057
Other operating	180,925	167,262
Goods and services tax	88,744	243,132
	<u>1,356,502</u>	<u>3,716,451</u>
Net investment income (loss) for the year (note 7)	<u>2,183,564</u>	<u>(540,147)</u>
Realized and unrealized gain (loss) on investments and options		
Net realized gain on investments and options (note 6)	9,625,518	12,550,641
Change in unrealized appreciation (depreciation) of investments	(6,342,297)	21,259,663
Change in unrealized appreciation (depreciation) of foreign exchange	37,475	(28,022)
Net gain on investments and options	<u>3,320,696</u>	<u>33,782,282</u>
Increase in net assets from operations	<u>5,504,260</u>	<u>33,242,135</u>

Income Financial Trust

Statements of Changes in Net Assets

for the years ended December 31, 2001 and 2000

	2001 (\$)	2000 (\$)
Increase in net assets from operations	5,504,260	33,242,135
Distributions to unitholders (note 8)	(10,762,915)	(10,867,334)
Unitholders transactions		
Redemption of units	<u>(7,113,439)</u>	<u>-</u>
Change in net assets for the year	(12,372,094)	22,374,801
Net assets - Beginning of year	<u>108,881,341</u>	<u>86,506,540</u>
Net assets - End of year	<u>96,509,247</u>	<u>108,881,341</u>

Income Financial Trust

Statement of Portfolio Investments

as at December 31, 2001

Face Value (\$) or number of shares	Description	Average Cost/ (Premiums received)(\$)	Market Value(\$)
Short term investments			
2,000,000	Royal Bank of Canada term deposit 2.20% January 3, 2002	2,000,000	2,000,000
US 4,000,000	Royal Bank of Canada term deposit 1.80% January 3, 2002	6,306,462	6,385,186
	Total short term investments (8.7%)	8,306,462	8,385,186
Equities			
Canadian Equities			
53,300	AGF Management Limited, Class B	811,077	1,316,510
50,000	Bank of Montreal	1,879,063	1,795,000
70,000	C.I. Fund Management Inc.	691,804	832,300
65,000	Canadian Imperial Bank of Commerce	2,904,077	3,565,250
5,000	Dundee Bancorp Inc.	69,983	70,000
80,000	Guardian Capital Group Ltd.	553,008	952,000
99,790	Investors Group Inc.	2,230,177	2,544,645
43,600	Laurentian Bank of Canada	1,016,852	1,443,160
100,000	National Bank of Canada	2,445,806	2,970,000
70,000	Sceptre Investment Counsel Ltd.	1,701,969	1,053,500
33,000	Toronto-Dominion Bank	1,301,461	1,355,640
	Total Canadian Equities (18.5%)	15,605,277	17,898,005
Foreign Equities			
25,000	Bank of America Corporation	2,195,055	2,512,172
60,000	Bank One Corporation	3,599,595	3,740,123
20,000	BB & T Corporation	903,709	1,152,845
20,000	Bear Stearns Cos.	1,808,446	1,872,137
55,000	Citigroup Inc.	4,154,287	4,431,958
10,800	Delphi Financial Group, Class A	598,022	574,092
5,000	Dime Bancorp Inc.	132,989	287,972
5,000	Dime Bancorp Inc. warrants	1,867	1,197
20,000	Edwards A G Inc.	1,531,254	1,410,168
30,000	Fifth Third Bancorporation	2,167,927	2,948,998
50,000	FleetBoston Financial Corporation	3,062,351	2,913,241
30,000	J.P. Morgan Chase & Co.	1,800,190	1,740,762
100,000	Knight Trading Group Inc.	2,164,889	1,759,119

Face Value (\$)**or number****of shares****Description****Average Cost/
(Premiums received)(\$)****Market****Value(\$)**

12,400	Lehman Brothers Holdings	1,263,650	1,322,244
35,000	Merrill Lynch & Co., Inc.	2,963,145	2,911,964
20,000	Morgan Stanley Dean Witter & Co.	2,421,282	1,785,937
13,200	Nationwide Financial Services Inc.	891,078	873,608
15,000	North Fork Bancorporation	435,134	765,983
10,000	PNC Financial Services Group, Inc.	856,857	897,119
8,000	Southtrust Corp.	187,675	315,045
50,000	Stillwell Financial Inc.	2,484,290	2,172,560
30,000	Sun Trust Banks, Inc.	2,931,956	3,002,634
15,000	State Street Corp.	1,201,775	1,251,097
109,800	U.S. Bancorp	3,227,191	3,668,472
70,000	Wachovia Corp.	3,285,854	3,504,190
60,000	Washington Mutual Inc.	2,518,940	3,131,934
55,000	Wells Fargo & Company	3,858,072	3,814,750

Total Foreign Equities (56.7%)**52,647,479****54,762,321****Total Equities (75.2%)****68,252,756****72,660,326****Number of****Contracts****Canadian call options written (100 shares per contract)**

(200) Canadian Imperial Bank of Commerce,

January 2002 @ \$55

(28,600)

(23,000)

Total Canadian call options written (-0.1%)**(28,600)****(23,000)****Foreign put options (100 shares per contract)**

50 Standard and Poors Index, January 2002 @ 1100

316,177

63,852

50 Standard and Poors Index, January 2002 @ 1175

411,897

263,389

Total Foreign put options (0.3%)**728,074****327,241****Foreign call options written (100 shares per contract)**

(200) Bank One Corp., January 2002 @ \$37.50

(62,134)

(71,833)

(200) Citigroup Inc., January 2002 @ \$50

(41,528)

(54,274)

(200) Fifth Third Bancorporation, January 2002 @ \$60

(65,303)

(65,448)

(300) Knight Trading Group, January 2002 @ \$12.50

(10,937)

(11,972)

(200) Merrill Lynch and Co., January 2002 @ \$55

(71,316)

(25,541)

(500) U.S. Bancorporation, January 2002 @ \$20

(80,044)

(99,769)

Total Foreign call options written (-0.2%)**(331,262)****(328,837)****Total investments (83.9%)****76,927,430****81,020,916****Other assets less liabilities (16.1 %)****15,488,331****Total net assets (100%)****96,509,247**

*The Statement of Portfolio Investments is at December 31, 2001 and may or may not be indicative of the current portfolio. Due to tax considerations, the level of option premiums outstanding, at year end may not be indicative of options outstanding during the year.

Income Financial Trust

Notes to Financial Statements

for the years ended December 31, 2001 and 2000

1. Establishment of Trust

Income Financial Trust (Income Financial or the Trust) is an investment trust established under the laws of the Province of Ontario on January 27, 1999. The manager of Income Financial is Quadravest Inc. (the Manager) and the investment manager is Quadravest Capital Management Inc. (Quadravest). The Royal Trust Company (the Trustee) is the trustee and acts as custodian of the assets of the Trust. All outstanding units will be redeemed on January 1, 2009, the termination date of the Trust.

2. Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amount of assets, liabilities, income and expenses during the period. Actual results could differ from these estimates. The following is a summary of the significant accounting policies followed by the Trust.

Valuation of investments

Investments are recorded in the financial statements at their market values and are determined as follows:

- Shares or other securities for which market quotations are readily available are valued at the closing sale price or, if there is no sale price, the average of the closing bid and ask prices. Shares or other securities for which market quotations are not readily available are valued at fair market values as determined by the Manager.
- Listed options are valued at market values as reported on recognized exchanges. Over-the-counter options are valued using an appropriate valuation model.
- Treasury bills are valued at quoted market values.

Investment transactions and income recognition

- Investment transactions are accounted for on the trade date.
- Realized gains and losses on investment sales and unrealized appreciation or depreciation in investment values are calculated on the average cost basis.

- Option fees paid or received are deferred and included in investments on the statement of net assets. Realized capital gains or losses are recognized in the statement of operations when options are exercised, expired or closed out.
- Deferred gains and losses on options are recognized in investments and as a component of net unrealized depreciation in the value of investment in unitholders' equity.
- Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned.
- Net realized gains and losses on investments include net realized gains or losses from foreign currency changes.

3. Units

Income Financial is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of Income Financial.

	2001	2000
Issued and outstanding - beginning of year	4,140,000	4,140,000
Repurchase of units for cancellation	277,111	-
Issued and outstanding - end of year	<u>3,862,889</u>	<u>4,140,000</u>

4. Income taxes

Income Financial qualifies as a mutual fund trust under the Income Tax Act (Canada) (the Act). To the extent that the net taxable income and realized capital gains of Income Financial each fiscal year are paid or payable in such year to unitholders, Income Financial will not be liable for income taxes. Income tax on any net realized capital gains not paid or declared payable to unitholders is recoverable to the extent provided in the Act.

5. Expenses

Pursuant to the trust agreement, the Manager is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.10% of the net assets of the Fund calculated as at each monthly valuation date.

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to

1.0% of the net assets of the Fund calculated as at each monthly valuation date. In addition, Quadravest may be entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds. Total management fees of \$1,086,833 (2000 - \$3,306,057 inclusive of the performance fee paid) incurred in the year ended December 31, 2001 include the administration fee and base management fee.

In addition to the management fee payable to the Manager and Quadravest, Income Financial is responsible for all expenses incurred in connection with the operation and administration of Income Financial, including, but not limited to ongoing trustee, custodian, transfer agent, legal and audit expenses.

The management expense ratio is calculated as being the total expenses incurred by Income Financial, including GST, as a percentage of the weighted average net asset value of Income Financial, and is expressed on an annualized basis. The management expense ratio inclusive of the performance fees payable to the Manager for Income Financial for the year ended December 31, 2001 was 1.38% (2000 - 3.71%, 1999 - 1.24% annualized) as an annualized percentage of average net assets.

6. Net realized gain on investments and options

The net realized gain on sale of investments and options was as follows:

	Year ended December 31, 2001 (\$)	Year ended December 31, 2000 (\$)
Proceeds on sale of investments and options	<u>71,775,969</u>	<u>157,429,486</u>
Less cost of investments sold:		
Investments at average cost - Beginning of year	100,812,374	97,299,081
Cost of investments purchased	38,050,540	148,217,462
Investments at average cost - End of year	<u>(76,927,430)</u>	<u>(100,812,374)</u>
Investments sold during the year	<u>61,935,484</u>	<u>144,704,169</u>
	9,840,485	12,725,317
Net realized loss on foreign exchange	<u>(214,967)</u>	<u>(174,676)</u>
Net realized gain on investments and options	<u>9,625,518</u>	<u>12,550,641</u>

7. Net investment income (loss)

Net investment income (loss) and net realized gain on investments and options per unit were as follows:

	Year ended December 31, 2001	Year ended December 31, 2000
	(\$)	(\$)
Net investment income (loss)*	0.56	(0.13)
Net realized gain on investments and options*	<u>2.46</u>	<u>3.03</u>
	<u>3.02</u>	<u>2.90</u>

* Based on average number of units outstanding during the year.

8. Distributions

Income Financial's objective is to provide unitholders with steady monthly cash distributions in the amount of \$0.17708 per unit. Distributions per unit to unitholders during the year were as follows:

	Year ended December 31, 2001	Year ended December 31, 2000
	(\$)	(\$)
From net investment income	0.206	-
From net realized gain on investments and options	2.471	2.366
Return of capital	<u>0.048</u>	<u>0.259</u>
	<u>2.725</u>	<u>2.625</u>

9. Financial instruments and risk management

The fair values of Income Financial's assets and liabilities are affected by changes in interest rates and equity markets. The investment manager manages these risks through the use of various risk limits and trading strategies.

10. Statement of portfolio transactions

Additional unaudited information concerning portfolio transactions for Income Financial for the year ended December 31, 2001 can be obtained without charge by writing to: Quadravest Inc., 77 King Street West, P.O. Box 341, Toronto, Ontario M5K 1K7.



AMERICAN INCOME





American Income Trust

Message to Unitholders

We are pleased to report the financial results of American Income Trust (American Income) for the year ending December 31, 2001. American Income was launched on June 8, 2000 with the objective of providing unitholders with an attractive alternative to conventional fixed income vehicles.

During the year, American Income generated both capital gains from the underlying securities and received option premiums from the covered call writing program allowing American Income to exceed its targeted distribution rate. During the year, American Income made total distributions of \$2.125 per unit. The total distributions for the period resulted in an annualized yield of 8.5% (based on the original issue price).

We would like to thank unitholders for their continued support and look forward to continuing to achieve American Income's targeted goals.

Investment Objectives

American Income was launched in June 2000 with the intent of providing investors with an attractive yield compared to alternative fixed income products while at the same time protecting capital. American Income's goal is to provide a steady stream of monthly distributions at an annual rate of 8.5% (based on original issue price) while returning the original issue price of units to unitholders upon the termination of the Trust on January 1, 2010. The units trade on the Toronto Stock Exchange under the symbol USA.un.

American Income's investment manager, Quadravest Capital Management Inc., actively manages the Trust's portfolio, which consists primarily of corporations which are included in the S&P 500 index. To generate additional income above the dividend and interest income earned in the Portfolio, the Trust writes covered call options. This conservative strategy is designed to enhance the income in the portfolio by enabling American Income to earn strong income in times of volatile markets while reducing the effects of market corrections. In addition, this source of income is treated as capital gains and as such receives a more favorable tax treatment relative to other sources of income.

Ten Largest Holdings

December 31, 2001

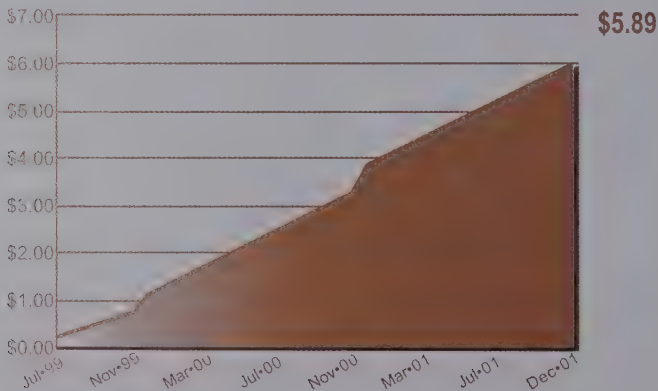
- | | |
|-------------------------------------|-----------------------------|
| 1. Procter & Gamble Co. | 6. Wachovia Corp. |
| 2. J.P. Morgan Chase & Co. | 7. Costco Wholesale Corp. |
| 3. Microsoft Corporation | 8. IBM Corp. |
| 4. Bank One Corporation | 9. General Electric Company |
| 5. Morgan Stanley Dean Witter & Co. | 10. Tyco International Ltd. |

Note: Holdings are as at December 31, 2001 and may at any time be materially different.

Distributions

Unitholders are entitled to receive monthly distributions of \$0.17708 per unit (\$2.125 annually). The distributions paid during the 12 month period include 12 regular monthly payments of \$0.17708. A total of 32 distributions (30 regular and 2 special) totaling \$5.89 have been paid since inception.

Cumulative Distributions since inception



American Income Trust Commentary

The year 2001 was, for the second year in a row, a very difficult year for investors in the U.S. equity markets. The economy slowed considerably throughout the year as the dramatic decline in capital spending by businesses, higher energy prices and excess inventories had a dramatic impact on corporate earnings, most notably in the technology sector. The events of September 2001 only served to compound this economic weakness as an extraordinary level of uncertainty gripped both the economy and financial markets.

The U.S. Federal Reserve attempted to rescue the economy throughout the year by providing massive levels of monetary stimulus. The Federal Reserve cut interest rates by a record 11 times for a total of 4.75% decrease in the Federal funds rate. The year end Federal funds rate of 1.75% had not been seen for over 40 years.

During the period, American Income's systematic covered call writing program did add a significant level of option premium income while also providing some downside protection to the portfolio. This helped American Income produce a \$4,087,706 increase in net assets from operations before distributions. Net investment income of \$1,179,818 and \$11,987,670 of net realized gain on investments and options was produced during the year. American Income made a total of \$14,474,590 in distribution payments during the year which was at the target rate of 8.5%(based on the original issue price).

The underlying S&P 500 index declined by 13% in 2001 (10.1% decline in 2000), making it the first two years in a row that this index has experienced double digit declines since 1973/74. After two very weak years, market history suggests that the following year is generally a very positive one. We expect that the massive monetary and fiscal stimulus will promote increased and improved economic activity throughout 2002.

American Income will continue to seek a broad diversified mix of companies that are among the leaders in their respective industry segments and combine this with the benefits of the covered call writing strategy.

Auditors' Report – American Income Trust

March 1, 2002

To the Unitholders of
American Income Trust

We have audited the statement of portfolio investments of **American Income Trust** as at December 31, 2001, the statements of net assets as at December 31, 2001 and 2000 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Trustee and the Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **American Income Trust** as at December 31, 2001 and 2000 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Toronto, Ontario

American Income Trust

Statements of Net Assets

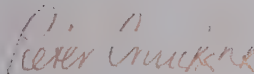
as at December 31, 2001 and 2000

Assets	2001 (\$)	2000 (\$)
Investments – at market value (cost 2001 - \$ 151,687,147; 2000- \$162,366,821)	112,265,101	132,136,154
Cash	9,932,764	2,741,375
Accrued interest and dividends receivable	87,482	70,047
Receivable in respect of investments sold	-	329,247
	<u>122,285,347</u>	<u>135,276,823</u>
Liabilities		
Fees and other accounts payable	163,952	180,098
Distribution payable	1,206,216	3,794,662
	<u>1,370,168</u>	<u>3,974,760</u>
Net Assets	<u>120,915,179</u>	<u>131,302,063</u>
Number of units outstanding (note 3)	<u>6,811,700</u>	<u>6,811,700</u>
Net asset value per unit	<u>17.75</u>	<u>19.28</u>

Approved on behalf of the Manager, Quadravest Inc.



S. Wayne Finch,
Director



Peter Cruickshank,
Director

American Income Trust

Statements of Operations

for the years ended December 31, 2001 and 2000

	2001 (\$)	2000 (\$)
Income		
Interest	793,774	1,340,076
Dividends (net of foreign withholding taxes, 2001 - \$223,835; 2000 - \$256,710)	2,097,387	1,760,760
	<u>2,891,161</u>	<u>3,100,836</u>
Expenses (note 5)		
Management fees	1,378,917	1,593,910
Other operating	220,469	225,135
Goods and services tax	111,957	127,333
	<u>1,711,343</u>	<u>1,946,378</u>
Net investment income for the year (note 7)	<u>1,179,818</u>	<u>1,154,458</u>
Realized and unrealized gain (loss) on investments and options		
Net realized gain on investments and options (note 6)	11,987,670	18,561,717
Change in unrealized depreciation of investments	(9,191,379)	(18,842,558)
Change in unrealized appreciation (depreciation) of foreign exchange	111,597	(4,033)
Net gain (loss) on investments	<u>2,907,888</u>	<u>(284,874)</u>
Increase in net assets from operations	<u>4,087,706</u>	<u>869,584</u>

American Income Trust

Statements of Changes in Net Assets

for the years ended December 31, 2001 and 2000

	2001 (\$)	2000 (\$)
Increase in net assets from operations	4,087,706	869,584
Distributions to unitholders (note 8)	(14,474,590)	(17,092,980)
Unitholders transactions		
Repurchase of units	-	(1,828,808)
Change in net assets for the year	(10,386,884)	(18,052,204)
Net assets - Beginning of year	<u>131,302,063</u>	<u>149,354,267</u>
Net assets - End of year	<u>120,915,179</u>	<u>131,302,063</u>

American Income Trust

Statement of Portfolio Investments

as at December 31, 2001

Face Value (\$)

or number

of shares

Description

Average Cost/
(Premiums received) (\$)

Market
Value (\$)

Short term investments

US 4,000,000	Royal Bank of Canada term deposit 1.80% January 3, 2002	6,306,463	6,385,186
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Total Short term investments (6.2%)

6,306,463

6,385,186

Equities

Domestic Equities

147,100	Nortel Networks	5,312,372	1,761,114
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Total Domestic Equities (1.5%)

5,312,372

1,761,114

Foreign Equities

38,000	3 COM Corporation	801,256	387,006
45,000	American Express Company	3,431,918	2,563,732
325,000	Armstrong World Holdings Inc.	3,147,604	1,769,096
100,000	AT&T Corporation	7,223,228	2,895,682
32,180	AT&T Wireless Services Inc.	811,285	738,170
75,000	Bank One Corporation	5,486,687	4,675,154
20,000	Bear Stearns Companies Inc.	1,780,918	1,872,137
35,000	Citigroup Inc.	2,558,924	2,820,337
35,000	Coca-Cola Company	2,924,086	2,634,288
100,000	Compaq Computer Corp.	1,665,090	1,557,985
60,000	Costco Wholesale Corp.	4,049,563	4,250,619
60,000	Delta Airlines Inc.	4,389,203	2,802,458
60,000	Ford Motor Company	2,680,676	1,505,627
60,000	General Electric Company	4,267,940	3,838,774
70,000	Global Crossing Ltd.	4,502,536	93,862
20,000	Hartford Financial Services Group Inc.	2,062,406	2,005,906
20,000	IBM Corp.	3,636,050	3,861,761
60,000	Intel Corp.	3,094,475	3,012,212
110,000	J.P. Morgan Chase & Co.	8,139,842	6,382,792
30,000	Johnson & Johnson	2,837,295	2,830,234
20,000	Lehman Brothers Holdings	2,117,977	2,132,652
50,000	Lucent Technologies Inc.	4,070,798	502,035
40,000	Merrill Lynch & Co., Inc.	3,675,950	3,327,959
57,500	Microsoft Corporation	7,773,007	6,082,728
49,100	Morgan Stanley Dean Witter & Co.	6,659,754	4,384,474
80,000	Motorola Inc.	3,063,389	1,918,110

Face Value (\$) or number of shares

Description

Average Cost (Premiums received) (\$)

Market Value (\$)

30,000	Oracle Corporation	1,575,326	661,346
60,000	Palm Inc.	3,820,870	371,618
53,900	Procter & Gamble Co.	8,079,259	6,808,376
40,000	Schering Plough Corp.	2,462,342	2,286,535
40,000	Sprint Corp.	1,624,057	1,282,145
17,000	Stilwell Financial Inc.	834,033	738,670
40,000	Tyco International Ltd.	3,692,867	3,760,875
91,000	U.S. Bancorp	2,807,279	3,040,354
85,000	Wachovia Corp.	4,936,878	4,255,088
40,000	Wal-Mart Stores Inc.	3,490,356	3,674,675
75,000	Walt Disney	2,837,372	2,480,645
70,000	Waste Management Inc.	3,212,103	3,565,649
80,000	Worldcom Inc.	5,079,816	1,798,069

Total Foreign Equities (87.3%)

141,304,415

105,569,835

Total Equities (88.8%)

146,616,787

107,330,949

Number of Contracts

Foreign Put options (100 shares per contract)

50 Standard & Pools Index, January 2002 @ 1100

316,177

63,852

Total put options (0.1%)

316,177

63,852

Foreign call options written (100 shares per contract)

(300)	Citigroup Inc., January 2002 @ \$50	(85,768)	(81,411)
(500)	Compaq Computer Corp., January 2002 @ \$10	(68,697)	(39,907)
(500)	Costco Wholesale Co., January 2002 @ \$42.50	(182,568)	(247,426)
(300)	General Electric Co., January 2002 @ \$40	(66,574)	(59,861)
(100)	IBM Corp., April 2002 @ \$120	(156,914)	(143,667)
(100)	IBM Corp., January 2002 @ \$115	(85,925)	(122,915)
(500)	Intel Corp., January 2002 @ \$32.50	(198,306)	(67,842)
(400)	J.P. Morgan Chase & Co., January 2002 @ \$40	(66,638)	(9,578)
(300)	Johnson & Johnson, January 2002 @ \$57.50	(68,203)	(122,117)
(200)	Merrill Lynch & Co., January 2002 @ \$55	(71,316)	(25,541)
(400)	Procter & Gamble Co., January 2002 @ \$80	(101,215)	(70,237)
(300)	Schering Plough Corp., January 2002 @ \$40	(52,945)	(9,578)
(300)	Tyco International, January 2002 @ \$60	(40,605)	(62,256)
(500)	US Bancorporation, January 2002 @ \$20	(33,773)	(99,769)
(300)	Wal-Mart Stores Inc., January 2002 @ \$55	(104,819)	(153,244)
(500)	Walt Disney, January 2002 @ \$22.50	(68,545)	(15,963)
(500)	Waste Management Inc., January 2002 @ \$30	(99,469)	(183,574)

Total options written (-1.2%)

(1,552,280)

(1,514,886)

Total investments (93.9%)

151,687,147

112,265,101

Other assets less liabilities (6.1%)

8,650,078

Total net assets (100%)

120,915,179

**The Statement of Portfolio Investments is at December 31, 2001 and may or may not be indicative of the current portfolio. Due to tax considerations, the level of option premiums outstanding at year-end may not be indicative of options outstanding during the year.*

American Income Trust

Notes to Financial Statements

for the years ended December 31, 2001 and 2000

1. Establishment of Trust

American Income Trust (American Income or the Trust) is an investment trust established under the laws of the Province of Ontario on June 8, 1999. The manager of American Income is Quadravest Inc. (the Manager) and the investment manager is Quadravest Capital Management Inc. (Quadravest). The Royal Trust Company (the Trustee) is the trustee and acts as custodian of the assets of the Trust. All outstanding units will be redeemed on January 1, 2010, the termination date of the Trust.

2. Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amount of assets, liabilities, income and expenses during the period. Actual results could differ from these estimates. The following is a summary of the significant accounting policies followed by the Trust.

Valuation of investments

Investments are recorded in the financial statements at their market values and are determined as follows:

- Shares or other securities for which market quotations are readily available are valued at the closing sale price or, if there is no sale price, the average of the closing bid and ask prices. Shares or other securities for which market quotations are not readily available are valued at fair market values as determined by the Manager.
- Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.
- Treasury bills are valued at quoted market values.

Investment transactions and income recognition

- Investment transactions are accounted for on the trade date.
- Realized gains and losses on investment sales and unrealized appreciation or depreciation in investment values are calculated on the average cost basis.
- Option fees paid or received are deferred and included in investments on the statement of net assets. Realized gains or losses are recognized in the statement of operations when options are exercised, expired or closed out.

- Deferred gains and losses on options are recognized in investments and as a component of net unrealized depreciation in the value of investment in unitholders' equity.
- Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned.
- Net realized gains and losses on investments include net realized gains or losses from foreign currency changes.

3. Units

American Income is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of American Income.

	2001	2000
Issued and outstanding - Beginning of year	6,811,700	6,900,000
Repurchase of units for cancellation	-	(88,300)
Issued and outstanding - End of year	<u>6,811,700</u>	<u>6,811,700</u>

4. Income taxes

American Income qualifies as a mutual fund trust under the Income Tax Act (Canada) (the Act). To the extent that the net taxable income and realized capital gains of American Income for each fiscal year are paid or payable in such year to unitholders, American Income will not be liable for income taxes. Income tax on any net realized capital gains not paid or declared payable to unitholders is recoverable to the extent provided in the Act.

5. Expenses

Pursuant to the trust agreement, the Manager is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.10% of the net assets of the Fund calculated as at each monthly valuation date.

Pursuant to the terms of the Investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to 1.0% of the net assets of the Fund calculated as at each monthly valuation date. In addition, Quadravest may be entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds. Total management fees of \$1,378,917 (2000- \$1,593,910) incurred in the year ended December 31, 2001 include the administration fee and the base management fee.

In addition to the management fee payable to the Manager and Quadravest, American Income is responsible for all expenses incurred in connection with the operation and administration of American Income, including, but not limited to ongoing trustee, custodian, transfer agent, legal and audit expenses.

The management expense ratio is calculated as being the total expenses incurred by American Income, including GST), as a percentage of the weighted average net asset value of American Income and is expressed on an annualized basis. The management expense ratio for American Income for the year ended December 31, 2001 was 1.37% (2000 - 1.34%, 1999 - 1.15% annualized) as an annualized percentage of average net assets.

6. Net realized gain on investments and options

The net realized gain on sale of investments and options was as follows:

	Year ended December 31, 2001 (\$)	Year ended December 31, 2000 (\$)
Proceeds on sale of investments and options	108,071,183	164,639,256
Less cost of investments sold:		
Investments at average cost - Beginning of year	162,366,821	158,943,028
Cost of investments purchased	85,477,985	149,484,051
Investments at average cost - End of year	(151,687,147)	(162,366,821)
Investments sold during year	96,157,659	146,060,258
	11,913,524	18,578,998
Net realized gain (loss) on foreign exchange	74,146	(17,281)
Net realized gain on investments and options	11,987,670	18,561,717

7. Net investment income

Net investment income and net realized gain on investments and options per unit were as follows:

	Year ended December 31, 2001 (\$)	Year ended December 31, 2000 (\$)
Net investment income*	0.17	0.17
Net realized gain on investments and options*	<u>1.76</u>	<u>2.72</u>
	<u>1.93</u>	<u>2.89</u>

** Based on average number of units outstanding during the year.*

8. Distributions

American Income's objective is to provide unitholders with steady monthly cash distributions in the amount of \$0.17708 per unit. Distributions per unit to unitholders during the year were as follows:

	Year ended December 31, 2001 (\$)	Year ended December 31, 2000 (\$)
From net investment income	-	-
From net realized gain on investments and options	1.599	2.421
Return of capital	<u>0.526</u>	<u>0.084</u>
	<u>2.125</u>	<u>2.505</u>

9. Financial instruments and risk management

The fair values of American Income's assets and liabilities are affected by changes in interest rates and equity markets. The investment manager manages these risks through the use of various risk limits and trading strategies.

10. Statement of portfolio transactions

Additional unaudited information as to portfolio transactions for American Income for the year ended December 31, 2001 can be obtained without charge by writing to: Quadravest Inc., 77 King Street West, P.O. Box 341, Toronto, Ontario M5K 1K7.





AmeriStar RSP Income Trust

Message to Unitholders

We are pleased to report the financial results of AmeriStar RSP Income Trust (Ameristar) for the year ended December 31, 2001. AmeriStar was launched on December 16, 1999 with the objective of allowing Canadian RRSP, RRIF and DPSP investors an opportunity to increase international exposure beyond the foreign content rules (30% as of January 1, 2001).

During the year, AmeriStar generated capital gains from the underlying securities, received option premiums from the covered call writing program and income from the forward contracts allowing AmeriStar to exceed its targeted distribution rate. During the period, AmeriStar made total distributions of \$2.125 per unit. The total distributions for the period resulted in an annualized yield of 8.5% (based on the original issue price).

We would like to thank unitholders for their continued support and look forward to continuing to achieve AmeriStar's targeted goals.

Investment Objectives

AmeriStar was launched in December 1999 with the intent of providing investors with an attractive yield compared to alternative fixed income products while at the same time protecting capital. AmeriStar's goal is to provide a steady stream of monthly distributions at an annual rate of 8.5% (based on original issue price) while returning the original issue price of units to unitholders upon the termination of the Trust on January 1, 2010. AmeriStar is managed in a manner to allow it to remain as **Canadian content** within tax sheltered RRSP, RRIF and DPSP plans. The units trade on the Toronto Stock Exchange under the symbol RSP.un.

AmeriStar's investment manager, Quadravest Capital Management Inc., actively manages the Trust's portfolio, which consists primarily of corporations which are included in the S&P 500 index. The portfolio may also consist of up to 20% shares or ADR's of the 50 largest non -U.S. companies (by equity market capitalization) listed on the NYSE and up to 20% of the portfolio may also be invested in shares included in the TSE 300 Index.

To generate additional income above the dividend and interest income earned in the Portfolio, AmeriStar writes covered call options on all or part of the underlying securities in the portfolio. This conservative strategy is designed to enhance the income in the portfolio by enabling AmeriStar to earn strong income in times of volatile markets while reducing the effects of market corrections. In addition, this source of income is treated as capital gains and as such receives a more favorable tax treatment relative to other sources of income.

Ten Largest Holdings

(inclusive of securities held within forward contracts)

December 31, 2001

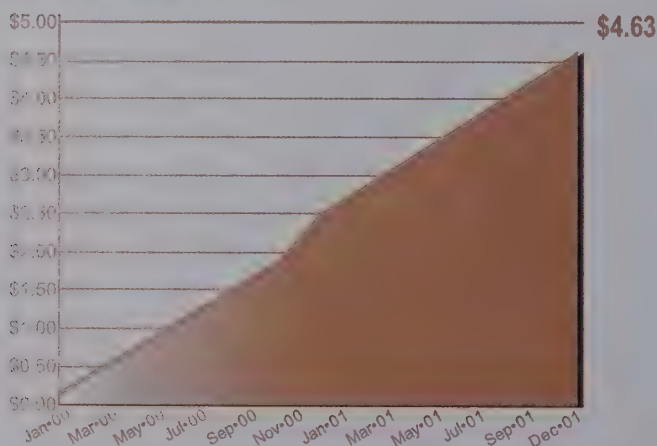
- | | |
|-----------------------------|-----------------------------|
| 1. Microsoft Corporation | 6. IBM Corporation |
| 2. Merrill Lynch & Co. Inc. | 7. Home Depot |
| 3. Citigroup Inc. | 8. Daimler Chrysler |
| 4. Bank of America | 9. General Electric Company |
| 5. Pfizer Inc. | 10. Procter & Gamble Co. |

Note: Holdings are as at December 31, 2001 and may at any time be materially different.

Distributions

Unitholders are entitled to receive monthly distributions of \$0.17708 per unit (\$2.125 annually). The distributions paid during the 12 month period include 12 regular monthly payments of \$0.17708. A total of 25 distributions (*24 regular and 1 special*) totaling \$4.63 have been paid since inception.

Cumulative Distributions since inception



AmeriStar RSP Income Trust Commentary

As mentioned in more detail in our commentary for American Income Trust on page 25 of this annual report, U.S equity markets underwent an extremely difficult time throughout 2001. The combination of an already slowing economy and the events of September 2001 caused U.S. equity markets to turn in another year of disappointing market performance.

AmeriStar showed an increase in net assets from operations before distributions of \$404,207 despite the 13% decline in the S&P 500 Index during the year. An over weighted position in financial services stocks and option premiums generated from the systematic covered call writing program proved beneficial during this difficult period.

AmeriStar produced net investment income of \$346,719 and net realized gains on investments and options of \$308,588. AmeriStar made distribution payments to unitholders at the targeted rate of 8.5%.

We expect that 2002 will provide greater opportunities for the U.S. equities as low interest rates and stimulative fiscal measures begin exerting a positive impact on economic growth and therefore corporate earnings growth.

Auditors' Report – AmeriStar RSP Income Trust

March 1, 2002

To the Unitholders of AmeriStar RSP Income Trust

We have audited the statement of portfolio investments of **AmeriStar RSP Income Trust** as at December 31, 2001, the statements of net assets as at December 31, 2001 and 2000 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Trustee and the Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **AmeriStar RSP Income Trust** as at December 31, 2001 and 2000 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles

Tricia Waterhouse Coopers LLP

**Chartered Accountants
Toronto, Ontario**


AmeriStar RSP Income Trust

Statements of Net Assets

as at December 31, 2001 and 2000

Assets	2001 (\$)	2000 (\$)
Investments – at market value (cost - 2001 \$9,371,928; 2000 - \$12,693,636)	6,535,912	10,117,274
Cash	1,570,179	363,657
Cash collateral on forward contracts	10,917,818	10,428,624
Accrued interest and dividends receivable	33,505	69,867
Receivable in respect of investments sold	-	149,435
	<u>19,057,414</u>	<u>21,128,857</u>
Liabilities		
Fees and other accounts payable	36,449	44,713
Distribution payable	174,424	548,724
	<u>210,873</u>	<u>593,437</u>
Net Assets	<u>18,846,541</u>	<u>20,535,420</u>
Number of units outstanding (note 3)	<u>985,000</u>	<u>985,000</u>
Net asset value per unit	<u>19.13</u>	<u>20.85</u>

Approved on behalf of the Manager, Quadravest Inc.



S. Wayne Finch,
Director



Peter Cruickshank,
Director

AmeriStar RSP Income Trust

Statements of Operations

for the years ended December 31, 2001 and 2000

	2001 (\$)	2000 (\$)
Income		
Interest	609,458	709,922
Dividends (net of foreign withholding taxes of 2001 - \$5,611; 2000 - \$17,483)	89,640	227,298
	<u>699,098</u>	<u>937,220</u>
Expenses (note 5)		
Management fees	234,648	271,838
Other operating	94,677	115,611
Goods and services tax	23,054	26,980
	<u>352,379</u>	<u>414,429</u>
Net investment income for the year (note 7)	<u>346,719</u>	<u>522,791</u>
Realized and unrealized gain (loss) on investments		
Net realized gain on investments and options (note 6)	308,588	2,115,611
Change in unrealized depreciation of investments	(259,655)	(2,426,262)
Change in unrealized appreciation (depreciation) of foreign exchange	8,555	(15,807)
Net gain (loss) on investments	<u>57,488</u>	<u>(326,458)</u>
Increase in net assets from operations	<u>404,207</u>	<u>196,333</u>

AmeriStar RSP Income Trust

Statements of Changes in Net Assets

for the years ended Decmeber 31, 2001 and 2000

	2001 (\$)	2000 (\$)
Increase in net assets from operations	404,207	196,333
Distributions to unitholders (note 8)	(2,093,086)	(2,467,386)
Unitholders' transactions		
Net proceeds from issue of units (note 3)	-	1,997,500
Change in net assets for the year	(1,688,879)	(273,553)
Net assets - Beginning of year	20,535,420	20,808,973
Net assets - End of year	18,846,541	20,535,420

AmeriStar RSP Income Trust

Statement of Portfolio Investments

as at December 31, 2001

Face Value (\$)

or number

of shares	Description	Average Cost/ (Premiums received)(\$)	Market Value (\$)
Equities			
Canadian Equities			
100,000	Air Canada Inc.	618,180	502,000
15,000	BCE Inc.	557,952	540,150
10,000	Canadian Imperial Bank of Commerce	550,400	548,500
5,000	National Bank of Canada	136,034	148,500
30,000	Nortel Networks Corporation	1,175,279	357,000
15,000	Telus Corporation	440,850	348,750
10,000	Toronto-Dominion Bank	388,712	410,800
Total Canadian Equities (15.2%)		3,867,407	2,855,700
Foreign Equities			
10,000	American Express Company	668,956	569,718
30,000	Armstrong World Holdings Inc.	975,601	163,301
7,000	Citigroup Inc.	556,929	564,067
5,000	Costco Wholesale Corp.	343,053	354,218
10,000	General Electric Company	726,378	639,796
10,000	Global Crossing Ltd.	783,909	13,409
10,000	Merrill Lynch & Co.	861,532	831,990
8,000	Microsoft Corporation	937,857	846,293
Total Foreign Equities (21.1%)		5,854,215	3,982,792
Total Equities (36.3%)		9,721,622	6,838,492

Number of
Contracts

Call options written (100 shares per contract)

Foreign call options written

(100)	Bank of America Corporation, January 2002 @ \$65	(24,819)	(13,569)
(100)	Citigroup, January 2002 @ \$50	(25,605)	(27,137)
(50)	Costco Wholesale Co., January 2002 @ \$45	(7,243)	(9,179)
(100)	Daimler Chrysler, January 2002 @ \$45	(16,965)	(4,390)
(100)	Delta Air Lines, January 2002 @ \$30	(25,605)	(17,559)

Number of contracts	Description	Average Cost/ (Premiums received) (\$)	Market Value (\$)
(50)	Hartford Financial, January 2002 @ \$60	(14,766)	(26,339)
(100)	Home Depot Inc., January 2002 @ \$50	(29,532)	(33,522)
(40)	IBM Corporation, January 2002 @ \$120	(28,778)	(23,625)
(100)	JP Morgan Chase, January 2002 @ \$40	(19,321)	(2,394)
(200)	Merrill Lynch @ Co., January 2002 @ \$55	(65,190)	(25,541)
(50)	Microsoft Corp., January 2002 @ \$65	(24,898)	(23,545)
(70)	Microsoft Corp., January 2002 @ \$70	(25,620)	(8,939)
(100)	Pfizer Inc., January 2002 @ \$45	(9,975)	(1,596)
(50)	Procter & Gamble Co., January 2002 @ \$80	(9,268)	(8,780)
(100)	Walt Disney, January 2002 @ \$22.50	(9,896)	(3,193)
(100)	Worldcom Inc., January 2002 @ \$15	(12,253)	(6,784)
Total Foreign call options written (-1.2%)		(349,734)	(236,092)
*Foreign equity total return contracts (-0.1%)		(66,488)	
Total investments (35.0%)		9,371,928	6,535,912
Other assets less liabilities (65.0%)			12,310,629
Total net assets (100%)			18,846,541

*The foreign equity total return contracts were entered into with a Canadian financial institution, with a AA credit rating, to provide market exposure to foreign investments. These securities are not directly owned by AmeriStar. The foreign investments consist of:

Number of Shares	Market Value (\$)	
750	Avaya Inc.	14,516
11,000	Bank of America	1,103,073
7,000	Citigroup	562,902
10,000	Daimler Chrysler	663,803
10,000	Delta Airlines	466,112
10,000	Disney	330,070
5,000	Hartford Financial Services Group Inc.	500,441
10,000	Home Depot	812,589
10,000	JP Morgan Chase & Co.	579,056
4,500	IBM Corporation	867,102
9,000	Lucent Technologies	90,180
6,000	Merrill Lynch & Co. Inc.	498,163
7,000	Microsoft Corporation	738,754
15,000	Motorola	358,903
14,000	Pfizer Inc.	888,735
5,000	Procter & Gamble Co.	630,271
20,000	US Bancorp	666,830
14,000	Worldcom	314,012
560	Worldcom MCI Group	11,329
Total market value of indirect foreign exposure		10,096,841
Less:		
Forward contracts		(10,163,329)
Net forward contract		(66,488)

*These forward contracts have a maturity date of February 8, 2002.
Note: The Statement of Portfolio Investments is at December 31, 2001 and may or may not be indicative of the current portfolio. Due to tax considerations, the level of option premiums outstanding at year-end may not be indicative of options outstanding during the year.

AmeriStar RSP Income Trust

Notes to Financial Statements

for the years ended December 31, 2001 and 2000

1. Establishment of Trust

AmeriStar RSP Income Trust (AmeriStar or the Trust) is an investment trust established under the laws of the Province of Ontario on December 7, 1999. The Manager of AmeriStar is Quadravest Inc. (the Manager) and the investment manager is Quadravest Capital Management Inc. (Quadravest). The Royal Trust Company (the Trustee) is the trustee and acts as custodian of the assets of the Trust. All outstanding units will be redeemed on January 1, 2010, the termination date of the Trust.

2. Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amount of assets, liabilities, income and expenses during the period. Actual results could differ from these estimates. The following is a summary of the significant accounting policies followed by AmeriStar RSP.

Valuation of investments

Investments are recorded in the financial statements at their market values and are determined as follows:

- Shares or other securities for which market quotations are readily available are valued at the closing sale price or, if there is no sale price, the average of the closing bid and ask prices. Shares or other securities for which market quotations are not readily available are valued at fair market values as determined by the Manager.
- Listed options are valued at market values as reported on recognized exchanges. Over-the-counter options are valued using an appropriate valuation model.
- Foreign equity total return contracts are valued according to the gain or loss that would be realized if the agreement were closed out based on the current market value of the underlying securities.
- Treasury bills are valued at quoted market values.

Investment transactions and income recognition

- Investment transactions are accounted for on the trade date.
- Realized gains and losses on investment sales and unrealized appreciation or depreciation in investment values are calculated on the average cost basis.
- Option fees paid or received are deferred and included in investments on the statement of net assets. Realized capital gains or losses are recognized in the statement of operations when options are exercised, expired or closed out.

- Deferred gains and losses on options are recognized in investments and as a component of net unrealized depreciation in the value of investment in unitholder's equity.
- Upon the closing of a forward contract, the gain or loss is recorded in net realized gain or loss on investments.
- Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned.
- Net realized gains and losses on investments include net realized gains or losses from foreign currency changes.

3. Units

AmeriStar is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of AmeriStar.

	Year ended December 31, 2001	Year ended December 31, 2000
Issued and outstanding - Beginning of year	985,000	900,001
Issue of units	-	84,999
Issued and outstanding - End of year	985,000	985,000

On December 7, 1999, AmeriStar issued 900,001 units for gross proceeds of \$22,500,025. Issue costs of \$1,650,000 were incurred in this offering. On January 14, 2000, AmeriStar issued 84,999 units for gross proceeds of \$2,124,975 and incurred issue costs of \$127,475.

4. Income taxes

AmeriStar qualifies as a mutual fund trust under the Income Tax Act (Canada) (the Act). To the extent that the net taxable income and realized capital gains of AmeriStar each fiscal year are paid or payable in such year to unitholders, AmeriStar will not be liable for income taxes. Income taxes on any net realized capital gains not paid or declared payable to unitholders is recoverable to the extent provided in the Act.

5. Expenses

Pursuant to the trust agreement, the Manager is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.20% of the net assets of the Fund calculated as at each monthly valuation date.

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to 1.0% of the net assets of AmeriStar calculated as at each monthly valuation date. In addition, Quadravest may be entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds. Total management fees of \$234,648 (2000 - \$271,838) incurred in the year ended December 31, 2001 include the administrative fee and the base management fee.

In addition to the management fee payable to the Manager and Quadravest, AmeriStar is responsible for all expenses incurred in connection with the operation and administration of AmeriStar, including, but not limited to ongoing trustee, custodian, transfer agent, legal and audit expenses.

The management expense ratio is calculated as being the total expenses incurred by AmeriStar, including GST, as a percentage of the weighted average net asset value of AmeriStar, and is expressed on an annualized basis. The management expense ratio for AmeriStar for the year ended December 31, 2001 was 1.81% (2000 - 1.85%; 1999 - 1.26% annualized) as an annualized percentage of average net assets.

6. Net realized gain on investments and options

The net realized gain on sale of investments was as follows:

	Year ended December 31, 2001 (\$)	Year ended December 31, 2000 (\$)
Proceeds on sale of investments and options	33,603,993	59,094,019
Less cost of investments sold:		
Investments at average cost - Beginning of year	12,693,636	22,131,806
Cost of investments purchased	29,933,689	47,564,425
Investments at average cost - End of year	(9,371,928)	(12,693,636)
Investments sold during year	33,255,397	57,002,595
	348,596	2,091,424
Net realized gain (loss) on foreign exchange	(40,008)	24,187
Net realized gain on investments and options	308,588	2,115,611

7. Net investment income

Net investment income and net realized gain on investments and options per unit were as follows:

	Year ended December 31, 2001 (\$)	Year ended December 31, 2000 (\$)
Net investment income*	0.35	0.53
Net realized gain on investments and options*	0.37	2.15
	<u>0.72</u>	<u>2.68</u>

* Based on average number of units outstanding during the year.

8. Distributions

AmeriStar's objective is to provide unitholders with steady monthly cash distributions in the amount of \$0.17708 per unit. Distributions per unit to unitholders during the year were as follows:

	Year ended December 31, 2001 (\$)	Year ended December 31, 2000 (\$)
From net investment income	-	0.603
From net realized gain on investments and options	0.035	1.902
Return of capital	2.090	-
	<u>2.125</u>	<u>2.505</u>

9. Financial instruments and risk management

The fair values of AmeriStar's assets and liabilities are affected by changes in interest rates and equity markets. The investment manager manages these risks through the use of various risk limits and trading strategies.

10. Statement of portfolio transactions

Additional unaudited information concerning portfolio transactions for AmeriStar RSP for the year ended December 31, 2001 can be obtained without charge by writing to: Quadravest Inc., 77 King Street West, P.O. Box 341, Toronto, Ontario M5K 1K7.

NOTES

Quadravest Capital Management Inc.

Board of Directors

Wayne Finch
Chairman and
Chief Investment Officer

Laura Johnson
Managing Director and
Portfolio Manager

Peter Cruickshank
Managing Director and
Chief Financial Officer

William Thornhill
Vice Chairman

Corporate Details

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77 King Street West, P.O. Box 82
Toronto, Ontario M5K 1G8

Legal Counsel
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Commerce Court West
Toronto, Ontario M5L 1A9

Transfer Agent
Computershare
100 University Avenue
Toronto, Ontario M5J 2Y1

Trustee & Custodian
Royal Trust
Royal Trust Tower,
77 King Street West, 11th Floor
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